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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JAMIE W. VANN

Appeal 2016-008200
Application 13/777,474
Technology Center 3700

Before JENNIFER D. BAHR, DANIEL S. SONG, and
WILLIAM A. CAPP, *Administrative Patent Judges*.

BAHR, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant¹ appeals under 35 U.S.C. § 134(a) from the Examiner's decision rejecting claims 1, 4, 6, 7, 17, 20–22, 26, 28, 30–32, 34, and 36–40 under the judicial exception to 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Appellant is the Applicant, WMS GAMING, INC. According to the Appeal Brief, the real party in interest is Bally Gaming, Inc. Appeal Br. 1.

THE CLAIMED SUBJECT MATTER

Claim 1, reproduced below, is illustrative of the claimed subject matter.

1. A method of operating a wagering game system, said method comprising:
 - determining, by a location module in a mobile device, a first geographic position of the mobile device;
 - determining, based on the first geographic position, a first distance of the mobile device to a first physical location, wherein the first physical location is external to a wagering game establishment, and wherein a value of a first prize increases as the first geographic position of the mobile device becomes closer to the first physical location;
 - receiving, via a network communication interface of the wagering game system, an indication of a selection of a first wagering game;
 - providing, via the network communication interface, first electronic wagering game content for the first wagering game to the mobile device via a network for presentation on an electronic display of the mobile device, wherein the first electronic wagering game content is associated with the first physical location;
 - determining, via one or more electronic processing units of the wagering game system, a first game event that occurs from play of the first wagering game; and
 - providing, via the network communication interface, an indication of the first prize in response to the first game event, wherein the value of the first prize is based on the first distance of the mobile device to the first physical location.

DISCUSSION

In contesting the rejection, Appellant emphasizes certain limitations of claims 1 and 39, but otherwise presents arguments without regard to any particular claim. Appeal Br. 5–19. Thus, we focus our attention on independent claim 1, with claims 4, 6, 7, 17, 20–22, 26, 28, 30–32, 34, 36–

38, and 40 standing or falling with claim 1, and we address claim 39 separately, to the extent that it is argued separately.

Section 101 of the patent law provides that one may obtain a patent for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this provision includes important exceptions, notably those that prohibit one from patenting abstract ideas, laws of nature, or natural phenomena. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014). Although a law of nature or an abstract idea is not patentable, the application of these concepts may be patentable. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012).

The Supreme Court has set forth “a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1294). Under that framework, we first “determine whether the claims at issue are directed to one of those patent-ineligible concepts”—i.e., a law of nature, a natural phenomenon, or an abstract idea. *Id.* If so, we secondly “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1298, 1297). The Supreme Court has described the second part of the analysis as “a search for an ‘inventive concept’—i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (alteration in original)

(quoting *Mayo*, 132 S. Ct. at 1294). The Court in *Alice* noted that “[s]imply appending conventional steps, specified at a high level of generality,’ was not ‘*enough*’ [in *Mayo*] to supply an ‘inventive concept.’” *Alice*, 134 S. Ct. at 2357 (quoting *Mayo*, 132 S. Ct. at 1300, 1297, 1294).

Step One: Do the Claims Recite an Abstract Idea?

The Federal Circuit has described the first step as a determination of the “basic character of the claimed subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1348 (Fed. Cir. 2015) (citing *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1273–74 (Fed. Cir. 2012)). The Federal Circuit has also indicated that this step should determine whether a claimed method “recites an abstraction—an idea, having no particular concrete or tangible form.” *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014); *see also Alice*, 134 S. Ct. at 2355 (“The ‘abstract ideas’ category embodies ‘the longstanding rule that “[a]n idea of itself is not patentable.”” (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (further quotations and citations omitted)).

The Examiner determined that claim 1 is directed to an abstract idea, namely,

managing a wagering game and a prize based on the collected positional information, i.e. collecting user’s location information and comparing the collected positional information with stored information to identify game and prize options, which is similar to concepts of an idea of itself, fundamental economic practice, certain methods of organizing human activity and mathematical relationships.

Ans. 4.

Claim 1 is expressly directed to “[a] method of operating a wagering game system.” Appeal Br. 21 (Claims App.). The method of claim 1 entails

receiving an indication of a selection of a first wagering game, providing content for the first wagering game to a display of a mobile device, determining a first game event that occurs from play of the first wagering game (i.e., playing and resolving the game), and providing an indication of a first prize in response to the first game event. *Id.* Thus, the Examiner correctly determined that claim 1 is directed to a method of managing a wagering game. *See* Ans. 9. The game of claim 1 further entails a game rule that the value of the first prize is based on the distance between the mobile device and a first physical location (i.e., the value of the first prize increases as the distance decreases), and the distance is determined by determining by a location module in the mobile device a first geographic position of the mobile device and then determining, based on the first geographic position, the distance. *Id.*

According to our reviewing court, a wagering game is a method of exchanging and resolving financial obligations, comparable to “other ‘fundamental economic practice[s]’” and a “claimed ‘method of conducting a wagering game’ is drawn to an abstract idea much like *Alice*’s method of exchanging financial obligations and *Bilski*’s method of hedging risk.” *In re Smith*, 815 F.3d 816, 818–19 (Fed. Cir. 2016); *see id.* at 819 (concluding that “claims[] describing a set of rules for a game[] are drawn to an abstract idea”). Moreover, our reviewing court has “determin[ed] that methods of managing a game of bingo were abstract ideas” and denied patentability of such concepts. *Id.* (citing *Planet Bingo, LLC v. VKGS LLC*, 576 F. App’x. 1005, 1007–08 (Fed. Cir. 2014) (non-precedential)). Thus, the Examiner correctly determined that claim 1 is directed to an abstract idea.

Appellant contrasts claim 1 with the claims in *Planet Bingo*, which Appellant characterizes as being “primarily directed to using Bingo numbers from a game of Bingo in relation to purchasing a ticket.” Appeal Br. 7. Appellant contends that, in contrast to the *Planet Bingo* claims, claim 1 recites “elements associated with determining a geographic position and distance of a mobile device from a given physical location and providing a value for a prize in a game based on the distance.” *Id.* According to Appellant, “the claims from *Planet Bingo* are only marginally related to the instant claims in that they both mention a wagering game,” and “there is no judicial exclusion that categorically holds that any invention with ties to games or gaming is automatically patent-ineligible.” *Id.* Along this same vein, Appellant argues that the claims “do not cover ‘only’ rules for playing a game nor are they ‘only’ a method for conducting a wagering game.” Reply Br. 2.

The method steps of determining a first geographic position of the mobile device and determining, based on the first geographic position, a first distance of the mobile device to a first physical location are merely data gathering and analyzing steps necessary to carry out the game rule that the value of the prize awarded in response to the first game event is based on the first distance of the mobile device to the first physical location. Our reviewing courts have held ineligible under § 101 claims that are directed to manipulating existing information, such as by using algorithms, to generate additional information. *See Parker v. Flook*, 437 U.S. 584, 585, 594–96 (1978) (rejecting as ineligible claims directed to (1) measuring the current value for a variable in a catalytic conversion process, (2) using an algorithm to calculate an updated “alarm-limit value” for that variable, and

(3) updating the limit with the new value); *Benson*, 409 U.S. at 71–72 (rejecting as ineligible claims directed to an algorithm for converting binary-coded decimal numerals into pure binary form); *see also Elec. Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (claims reciting the combination of the abstract-idea processes of gathering and analyzing information of a specified content and then displaying the results, without any particular assertedly inventive technology for performing those functions, are directed to an abstract idea); *id.* at 1354 (treating “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category”); *In re Meyer*, 688 F.2d 789, 794 (CCPA 1982) (“[data-gathering] step[s] cannot make an otherwise nonstatutory claim statutory”), *quoted in In re Grams*, 888 F.2d 835, 840 (Fed. Cir. 1989).

Appellant contends that claim 1 is directed to more than receiving and comparing positional information. Reply Br. 5. Appellant emphasizes that claim 1 must perform a first computation to determine a distance and must perform a second computation to vary the prize value in accordance with the distance. *Id.* While Appellant’s observation is correct, such computations are nothing more than analyzing the position information collected. As already noted, claims reciting the combination of the abstract-idea processes of gathering and analyzing information of a specified content, without any particular assertedly inventive technology for performing those functions, are directed to an abstract idea. Moreover, “comparing one thing to another” is an abstract idea. *See Blue Spike, LLC v. Google Inc.*, No. 14-CV-01650-YGR, 2015 WL 5260506 (N.D. Cal. Sept. 8, 2015), *aff’d*, No. 2016-1054, 669 Fed. Appx. 575, 2016 WL 5956746 (mem) (Fed. Cir. Oct. 14, 2016).

Appellant also asserts that claim 1 is not analogous to *Alice* because claim 1 is “not directed to mitigating settlement risk in financial transactions critical to the holding of *Alice*.” Appeal Br. 9. This argument is not persuasive, in light of the holdings in *Planet Bingo* and *Smith* discussed above.

Appellant asserts that claim 1 is not merely mental steps of managing a game because it has many more elements, such as the elements associated with determining a first geographical position and a distance of a mobile device from a first physical location and providing a value of a prize in a game based on this distance. Appeal Br. 8. According to Appellant, these elements are not mental steps because they cannot be performed by a human mind. *Id.* (citing the use of the “location module in a mobile device,” “network communication interface,” and “electronic processing units of the wagering system” of claim 1 and the “GPS receiver” of claim 39). These arguments are unavailing because “the inability for the human mind to perform each claim step does not alone confer patentability.” *FairWarning IP, LLC v. Iatric Sys. Inc.*, 839 F.3d 1089, 1098 (Fed. Cir. 2016).

In sum, for the reasons discussed above, claims 1 and 39 are directed to the abstract idea of managing a wagering game.

Step Two: Is There an Inventive Concept

With respect to the second step of the *Alice* framework, Appellant argues that the recitation of “a location module in a mobile device” in claim 1 and the recitation of a GPS receiver in claim 39 play a significant part in permitting the claimed method to be performed and, thus, render the claims patent eligible. Appeal Br. 14–16 (citing *SiRF Tech., Inc. v. ITC*, 601 F.3d 1319 (Fed. Circ. 2010)). Notably, the *SiRF* decision was issued prior to the

Supreme Court’s decisions in *Alice* and *Bilski*, and applied a machine or transformation test. “[T]he ‘machine or transformation test’ is not a definitive test of patent eligibility, but only an important and useful clue.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296 (2012). The Supreme Court has emphasized that, “in stating that the ‘machine-or-transformation’ test is an ‘*important and useful clue*’ to patentability, [the Court has] neither said nor implied that the test trumps the [law of nature or abstract idea] exclusion.” *Id.* at 1303.

Appellant’s claims 1 and 39 are not directed to anything more than a method that qualifies as an abstract idea (managing a wagering game) for which a location module (or GPS receiver), network communication interface, and processing units are invoked as conventional tools, performing functions in a conventional manner. Appellant has not provided any specificity regarding any particular inventive technology associated with the nominally recited “location module” of claim 1 or the GPS receiver of claim 39. Appellant’s Specification discloses only that “the mobile device 116 can include a Global Positioning System (GPS) module that provides a position of the mobile device 116” and that “[t]he wagering game module can receive the position of the mobile device 116 from the GPS module” Spec. ¶ 46. There is no further description of the GPS module suggesting that it is anything more than a conventional GPS module or embodies any inventive concept. Likewise, the Specification and claims lack any specificity with respect to the “network communication interface,” and “electronic processing units of the wagering system.” *See* Spec. ¶ 20 (disclosing “network 180”), ¶ 36 (referring broadly to “a social network server 352” and “a network 354”), ¶ 63 (describing conventional

processors), ¶ 69 (disclosing well-known wired and wireless communication links). In other words, the “network communication interface” and “electronic processing units of the wagering system” are nothing more than conventional devices functioning in a conventional manner. The recitation of these generic electronic components cannot transform a patent-ineligible abstract idea into a patent-eligible invention. *Alice*, 134 S. Ct. at 2359–60 (holding patent-ineligible claims that “amount to ‘nothing significantly more’ than an instruction to apply the abstract idea . . . using some unspecified, generic computer” and in which “each step does no more than require a generic computer to perform generic computer functions”).

Appellant also argues that “it is not a fundamental practice, building block, or basic tool of the gaming industry . . . to determine a distance of a mobile device from a geographic location and provide a prize value based on the distance” and, further, that the claim elements associated with doing so, “themselves, provide the manner of accomplishing the method.” Appeal Br. 18. Thus, according to Appellant, “the monopolization of the highly specific methods, recited by the claims, would not tie up an abstract idea.” *Id.*

The Federal Circuit has rejected such an argument and noted that, although “the principle of preemption is the basis for the judicial exceptions to patentability,” and “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2354). The Federal Circuit concluded that “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, . . . preemption

concerns are fully addressed and made moot.” *Id.*; *see also id.* (holding that “[i]n this case, Sequenom’s attempt to limit the breadth of the claims by showing alternative uses of cffDNA outside of the scope of the claims does not change the conclusion that the claims are directed to patent ineligible subject matter”). Given this direction from our reviewing court, we decline to apply a preemption standard in our analysis, and instead apply the steps set forth by the Supreme Court in *Alice* and *Mayo*.

For the above reasons, the recited elements, considered individually and as an ordered combination, do not constitute an “inventive concept” that transforms claim 1 or claim 39 into patent-eligible subject matter.

We have considered all of Appellant’s arguments, on pages 5–19 of the Appeal Brief and on pages 1–8 of the Reply Brief, but they do not apprise us of error in the rejection. Accordingly, we sustain the rejection of claims 1, 4, 6, 7, 17, 20–22, 26, 28, 30–32, 34, and 36–40.

DECISION

The Examiner’s decision rejecting claims 1, 4, 6, 7, 17, 20–22, 26, 28, 30–32, 34, and 36–40 is AFFIRMED.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED